

Message Text

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ORIGIN EB-08

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SUBJECT: SOVIET SHIPPING COMPETITION

REF: DAF/B/MTC/77.36

1. MINISTRY OF MERCHANT MARINE: THE MINISTER SIGNED THE
US/USSR MARITIME AGREEMENT. IGOR AVERIN, N. ZUEV, AND
GEORGE MASLOV ARE OUR NORMAL CONTACTS.

MINISTRY OF FOREIGN TRADE: KRYLOV, CHIEF, TRANSPORTATION
SECTION. MORFLOT MAKES PURELY MARITIME DECISIONS, BUT
OTHERS ARE RESULT OF DISCUSSIONS BETWEEN MINISTRY OF
MERCHANT MARINE, MINISTRY OF FOREIGN TRADE, AND OTHER
AGENCIES.

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2. WE HAVE A FORMAL MARITIME AGREEMENT WITH THE USSR. THE
AGREEMENT IS EFFECTIVE, BUT REQUIRES DIFFICULT AND PRO-
TRACTED NEGOTIATIONS TO INSURE SOVIET COMPLIANCE. THERE
IS NO MIXED COMMISSION.

3. SHIPPING IS AN IMPORTANT ELEMENT IN OUR ECONOMIC RELA-
TIONS WITH THE USSR. ANY SOVIET ATTEMPT TO DENY THE

U.S. ITS FULL SHARE OF CARRIAGE IS QUITE SENSITIVE POLITICALLY.

4. THERE IS EFFECTIVE ANNUAL ACCOUNTING BY TONNAGE AND VALUE IN THE BILATERAL TRADES. IN THE LINER TRADES, BOTH SIDES PROVIDE DATA TO AN INDEPENDENT ACCOUNTING FIRM ON A REGULAR BASIS, WHICH PERMITS CONTINUAL MONITORING OF THE AGREEMENT.

5. SOVIET DELEGATIONS ARE USUALLY HEADED BY IGOR AVERIN, AND INCLUDE 8-10 PEOPLE. THE MINISTRY OF FOREIGN TRADE USUALLY HAS ONE REPRESENTATIVE, AND AT TIMES THE MINISTRY OF FOREIGN AFFAIRS HAS ONE AS WELL. SOVFRACHT AND SOVIN-FLOT REPRESENTATIVES ARE ALWAYS INCLUDED.

6. AGREEMENTS WITH THE USSR MUST BE VERY SPECIFIC AND DETAILED, WITH A CLEAR DIVISION OF SHARES AND CONTINUAL ACCOUNTING.

YES THERE IS CONTINUAL TESTING BY THE SOVIETS, AND AN ONGOING ATTEMPT TO BROADEN AND GENERALIZE THE AGREEMENT, RATHER THAN KEEPING IT SPECIFIC.

7. THE US/USSR AGREEMENT IS BASED ON THE PRINCIPLE THAT THE SOVIETS CAN QUOTE CONTROL UNQUOTE THE ROUTING OF BILATERAL CARGOES, AND THUS CAN PROVIDE U.S.-FLAG VESSELS THE FULL SHARE OF CARGOES WHICH THEY ARE ENTITLED TO UNDER THE AGREEMENT. WE RESIST AND REFUSE TO ACCEPT THE IDEA THAT TERMS OF SHIPMENT PER SE DETERMINE WHETHER OR UNCLASSIFIED

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NOT THE SOVIETS QUOTE CONTROL UNQUOTE CARGO.

8. SOVFRACHT HAS AN OFFICE IN NEW YORK, AND THREE SOVIETS ATTACHED TO THE AMTORG TRADING CORPORATION IN NEW YORK ARE ALSO SHIPPING SPECIALISTS. MARCH SHIPPING OF NEW YORK IS THE SOVIET AGENT FOR PASSENGER VESSELS. MORFLOT AMERICA OF CLARKE, NEW JERSEY, IS AN AMERICAN-STAFFED AGENCY THAT HANDLES MOST OF THE SOLICITING FOR SOVIET LINER OPERATIONS. NORTON LILLY, A LARGE U.S. AGENT, ALSO HANDLES SOME LINER CARGOES ON THE GULF AND ATLANTIC COASTS.

9. THERE WAS PROPOSED LEGISLATION IN CONGRESS, BUT THIS WAS DROPPED FOLLOWING THE LENINGRAD AGREEMENT REACHED BY CHAIRMAN BAKKE OF THE FEDERAL MARITIME COMMISSION AND IGOR AVERIN OF MINISTRY OF MERCHANT MARINE. IF THE LENINGRAD AGREEMENT DOES NOT PROVE EFFECTIVE, WE EXPECT OTHER SO-CALLED QUOTE THIRD-FLAG BILLS UNQUOTE TO BE INTRODUCED INTO CONGRESS. SUCH LEGISLATION IS DIFFICULT TO DESIGN IN SUCH A WAY THAT IT WILL IMPACT ONLY ON THE

CARRIERS WHICH ITS AUTHORS MIGHT INTEND FOR IT TO IMPACT.

10. THE SOVIETS WRITE 90-95 PERCENT OF THE INSURANCE.

11. NO.

12. LOADING AND DEMURRAGE ARE GOVERNED BY CHARTER PARTY
AND A GOVERNMENT-TO-GOVERNMENT MEMORANDUM; U.S. VESSELS
HAVE NO PROBLEMS NOW.

13. U.S. OPERATORS COULD LEGALLY SOLICIT, BUT WOULD NOT
OBTAIN ANY CARGOES. THE SOVIETS CAN AND DO SOLICIT AND
OBTAIN CARGOES IN THE U.S. THROUGH THEIR AGENTS.

14. FORTY U.S. PORTS ARE OPEN TO SOVIET VESSELS ON A
FOUR-DAY NOTICE BASIS. ACCESS TO REMAINING U.S. PORTS IS
CONSIDERED ON A 14-DAY REQUEST BASIS.

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